

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Company Registration No. 196300381N

Full Year Financial Statements Announcement for the Year Ended 31/12/2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

The results of PCCW Limited ("PCCW"), the Company's 22.7% associated corporation which is listed on the Stock Exchange of Hong Kong Limited, for the year ended 31 December 2019 were announced by PCCW and the Company on 13 February 2020. These results of the Group reflect the Company's share of PCCW's full-year results on an equity accounting basis.

UNAUDITED CONSOLIDATED INCOME STATEMENT - GROUP

	Year ended		
	31/12/2019	31/12/2018	% Increase/ (decrease)
	S\$'000	S\$'000	
Revenue	17,536	15,620	12.3
Other income (Note 1)	226	171	32.2
Expenses			
- Depreciation and amortisation expenses	(378)	(361)	4.7
- Employee compensation	(2,063)	(1,960)	5.3
- Directors' fees	(315)	(262)	20.2
- Legal and other professional fees	(2,333)	(1,388)	68.1
- Travelling expenses	(2,324)	(1,003)	131.7
- Foreign exchange gain (loss), net	1,176	(149)	n.m.
- Subscriptions and donations	(1,209)	(109)	n.m.
- Others	(878)	(539)	62.9
- Finance expenses (Note 2)	(9,037)	(3,017)	199.5
Total expenses	(17,361)	(8,788)	97.6
Share of profit of associated corporations, net of tax	27,515	36,496	(24.6)
Loss on liquidation of subsidiary corporations	-	(473)	n.m.
Gain on disposal of an associated corporation	3,434	-	n.m.
Profit before income tax	31,350	43,026	(27.1)
Income tax credit (Note 3)	112	6,930	(98.4)
Total profit for the year	31,462	49,956	(37.0)
Attributable to equity holders of the Company	31,462	49,956	(37.0)

n.m. = not meaningful

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - GROUP

	Year ended		
	31/12/2019 S\$'000	31/12/2018 S\$'000	% Increase/ (decrease)
Total profit for the year	31,462	49,956	(37.0)
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses) gains, net	(11,300)	21,781	n.m.
- Reclassification of currency translation differences from liquidated subsidiary corporations to income statement	-	473	n.m.
Share of comprehensive gain (loss) of associated corporations	12,122	(26,488)	n.m.
	<u>822</u>	<u>(4,234)</u>	n.m.
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on equity investments at fair value through other comprehensive income	4,607	32,746	(85.9)
Other comprehensive income, net of tax	<u>5,429</u>	<u>28,512</u>	(81.0)
Total comprehensive income for the year	<u>36,891</u>	<u>78,468</u>	(53.0)
Total comprehensive income attributable to equity holders of the Company	<u>36,891</u>	<u>78,468</u>	(53.0)

n.m. = not meaningful

DETAILED NOTES - GROUP

	Year ended	
	31/12/2019 S\$'000	31/12/2018 S\$'000
(Note 1)		
Other income :		
Interest income	180	127
Management fee	40	37
Other income	6	7
	<u>226</u>	<u>171</u>

(Note 2)		
Finance expenses :		
Interest expense		
- bank borrowings	(7,248)	(458)
- finance lease liability	(12)	(7)
Finance facility fees	<u>(1,777)</u>	<u>(2,552)</u>
	<u>(9,037)</u>	<u>(3,017)</u>

(Note 3)		
Income tax credit :		
The tax credit for the year ended 31 December 2019 of \$0.1 million was mainly due to :		
	S\$' million	
Withholding tax paid on the disposal of KSH Infra Private Limited ("KIPL")	(0.7)	
Withholding tax paid on interest expense for bank borrowings	(0.3)	
Deferred tax expense provided on further distributions from HKT Trust and HKT Limited ("HKT")	<u>(3.0)</u>	
	(4.0)	
The write back of deferred tax provision for distributions from HKT which were used to pay tax exempt dividend to equity holders of the Company	<u>4.2</u>	
	<u>0.2</u>	

The tax credit for the year ended 31 December 2018 of \$6.9 million was mainly due to :		
	S\$' million	
Write back of a deferred tax provision for distributions from HKT which were used to pay a tax exempt dividend to equity holders of the Company	9.5	
Deferred tax expense provided on further distributions from HKT	<u>(2.6)</u>	
	<u>6.9</u>	

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

		Group		Company	
	Note	31/12/2019	31/12/2018	31/12/2019	31/12/2018
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	1	13,763	13,109	5,875	8,685
Trade and other receivables		73	102	70	18
Other current assets		1,037	915	523	526
		14,873	14,126	6,468	9,229
Assets classified as held -for- sale	2	107,337	14,906	-	-
		122,210	29,032	6,468	9,229
Non-current assets					
Financial assets, at fair value through other comprehensive income ("FVOCI")	3	351,710	388,785	277,849	287,937
Investments in associated corporations	4	936,487	1,005,156	1,022,240	1,031,182
Investments in subsidiary corporations		-	-	204,408	126,951
Property, plant and equipment		515	170	-	-
Other non-current assets		812	1,199	352	880
		1,289,524	1,395,310	1,504,849	1,446,950
Total assets		1,411,734	1,424,342	1,511,317	1,456,179
LIABILITIES					
Current liabilities					
Trade and other payables	5	4,769	3,011	188,432	4,395
Current income tax liabilities		60	10	-	-
Borrowings	6	35,822	13,100	-	12,973
		40,651	16,121	188,432	17,368
Non-current liabilities					
Borrowings	6	308,049	8	179,443	-
Deferred income tax liabilities		3,446	2,879	1,668	2,879
		311,495	2,887	181,111	2,879
Total liabilities		352,146	19,008	369,543	20,247
NET ASSETS		1,059,588	1,405,334	1,141,774	1,435,932
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		457,283	457,283	457,283	457,283
Other reserves		247,683	243,812	47,830	68,829
Retained profits		354,622	704,239	636,661	909,820
Total equity		1,059,588	1,405,334	1,141,774	1,435,932

The Group

Note 1

Cash and cash equivalents increased by \$0.7 million mainly due to :

	S\$' million
Proceeds from disposal of financial assets, at FVOCI	5.5
Refund of capital contribution from financial assets, at FVOCI	7.6
Proceeds from disposal of an associated corporation	19.1
Dividends from HKT and PCCW	113.8
Net cash inflow from borrowings net of payment of leases	<u>322.5</u>
	468.5
Less:	
Purchase of property, plant and equipment	(0.7)
Purchase of financial assets, at FVOCI	(81.8)
Net cash used in operating activities	(8.9)
Dividend paid to equity holders of the Company	(376.3)
Effects of currency translation on cash and cash equivalents	<u>(0.1)</u>
Net increase in cash	<u>0.7</u>

For more details, please refer to Section 1(c), statement of cash flows.

Note 2

In 2019, financial assets, at FVOCI of \$107.3 million was classified as assets classified as held-for-sale.

In 2018, the Group's associated company in India, KSH Distriparks Private Limited ("KSH"), is engaged in 3 businesses: Inland Container Depot ("ICD"), Third Party Logistics ("3PL") and Warehousing. Pursuant to a scheme of demerger approved by the High Court of Bombay in 2018, the Warehousing business was transferred to KIPL. The ICD and 3PL businesses remain under KSH. As at 31 December 2018, the Group's investment in KIPL of \$14.9 million was classified as an asset held-for-sale. Subsequent to the year end, the Group sold its shares in KIPL in January 2019 for \$18.4 million.

Note 3

Financial assets, at FVOCI decreased by \$37.1 million mainly due to :

	S\$' million
Reclassification to assets classified as held-for-sale	(107.3)
Net fair value loss on the Company's holding of SSUs in HKT	(10.1)
Refund of capital contribution from financial assets, at FVOCI	(7.6)
Disposal of financial assets, at FVOCI	<u>(5.6)</u>
	(130.6)
Purchase of financial assets, at FVOCI	81.8
Increase in fair value, including translation differences, of the Group's other equity investments	<u>11.7</u>
	<u>(37.1)</u>

Note 4

Investments in associated corporations decreased by \$68.7 million due to :

	S\$' million
Dividends received from PCCW	(96.3)
Unrealised exchange loss on the Company's interest in Hong Kong Dollar ("HKD") denominated net assets in PCCW reflecting the weakening of the HKD against the SGD	<u>(1.3)</u>
	(97.6)
The Group's share of PCCW's 2019 profit	26.9
The Group's share of KSH's 2019 profit	0.6
The Group's share of PCCW's 2019 reserves	<u>1.7</u>
	<u>(68.4)</u>

Note 5

Trade and other payables increased by \$1.8 million mainly due to unclaimed dividends of \$0.3 million, accrued expenses of \$0.6 million and higher other creditors of \$0.7 million due to higher expenses incurred.

Note 6

Borrowings increased by \$330.8 million due to additional drawdowns totalling \$457.9 million mainly for dividend payments and investments, partly offset by repayment of borrowings of \$127.3 million.

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

The Group

Amount repayable in one year or less, or on demand

As at 31/12/2019 S\$'000		As at 31/12/2018 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>35,822</u>	<u>-</u>	<u>13,100</u>	<u>-</u>

Amount repayable after one year

As at 31/12/2019 S\$'000		As at 31/12/2018 S\$'000	
Secured	Unsecured	Secured	Unsecured
<u>308,049</u>	<u>-</u>	<u>8</u>	<u>-</u>

Details of any collateral

	31/12/2019 S\$' million	31/12/2018 S\$' million
Carrying values of shares, SSUs and bonds pledged for bank borrowings comprise:		
- shares in PCCW	313.1	154.3
- SSUs in HKT	277.8	-
- FWDGRP ZERO Perpetual Corp bonds	51.6	-
	<u>642.5</u>	<u>154.3</u>

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Cash flow statement for the year ended 31 December - Group

	Year ended	
Note	31/12/2019	31/12/2018
	S\$'000	S\$'000
Cash flow from operating activities:		
Profit after tax	31,462	49,956
Adjustments for :		
- Income tax credit	(112)	(6,930)
- Depreciation and amortisation expenses	378	361
- Dividend income	(17,536)	(15,620)
- Interest income	(180)	(127)
- Finance expenses	9,037	3,017
- Unrealised currency translation gains	(1,363)	(1,464)
- Loss on liquidation of subsidiary corporations	-	473
- Gain on disposal of an associated corporation	(3,434)	-
- Share of profit of associated corporations, net of tax	(27,515)	(36,496)
	(9,263)	(6,830)
Change in working capital:		
- Trade and other receivables	(136)	12
- Trade and other payables	1,261	888
Cash used in operations	(8,138)	(5,930)
Interest received	180	127
Income tax paid	(1,024)	(22)
Net cash used in operating activities	(8,982)	(5,825)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(723)	(15)
Purchase of financial assets, at FVOCI	(81,805)	(93,062)
Proceeds from disposal of financial assets, at FVOCI	5,504	-
Refund of capital contribution from financial assets, at FVOCI	7,590	3,610
Proceeds from disposal of an associated corporation	19,105	-
Dividends from HKT	17,536	15,560
Dividends from PCCW	96,273	91,331
Net cash provided by investing activities	63,480	17,424
Cash flow from financing activities:		
Payment of finance expenses	(8,072)	(4,006)
Proceeds from borrowings	457,930	64,472
Repayment of borrowings and lease payments	(127,333)	(62,710)
Dividend paid to equity holders of the Company	(376,263)	(58,294)
Net cash used in financing activities	(53,738)	(60,538)
Net increase (decrease) in cash and cash equivalents	1 760	(48,939)
Cash and cash equivalents at beginning of year	13,109	60,829
Effects of currency translation on cash and cash equivalents	(106)	1,219
Cash and cash equivalents at end of year	13,763	13,109
Summary of cash and cash equivalents:		
Cash at bank and on hand	13,763	5,677
Short-term bank deposits	-	7,432
	13,763	13,109

Note 1

The net increase (decrease) in cashflows for the year ended 31 December 2019 and 2018 respectively were mainly due to:

	Year ended	
	31/12/2019	31/12/2018
	S\$' million	S\$' million
Proceeds from disposal of financial assets, at FVOCI	5.5	-
Refund of capital contribution from financial assets, at FVOCI	7.6	3.6
Proceeds from disposal of an associated corporation	19.1	-
Dividends from HKT	17.5	15.6
Dividends from PCCW	96.3	91.3
Proceeds from borrowings	457.9	64.5
	603.9	175.0
Less:		
Purchase of property, plant and equipment	(0.7)	-
Purchase of financial assets, at FVOCI	(81.8)	(93.1)
Payment of finance expenses	(8.1)	(4.0)
Repayment of borrowings and lease payments	(127.3)	(62.7)
Net cash used in operating activities	(8.9)	(5.8)
Dividend paid to equity holders of the Company	(376.3)	(58.3)
Net increase (decrease) in cashflows	0.8	(48.9)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Changes in equity for the year ended 31 December

The Group	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance at 1 January 2019	457,283	243,812	704,239	1,405,334
Total comprehensive income for the year	-	5,429	31,462	36,891
Share of reserves of associated corporations	-	(908)	(3,593)	(4,501)
Dividend relating to 2018 paid	-	-	(376,263)	(376,263)
Transfer upon disposal of investments	-	(650)	(1,223)	(1,873)
Balance at 31 December 2019	<u>457,283</u>	<u>247,683</u>	<u>354,622</u>	<u>1,059,588</u>
Balance at 1 January 2018	457,283	215,061	713,095	1,385,439
Total comprehensive income for the year	-	28,512	49,956	78,468
Share of reserves of associated corporations	-	239	(518)	(279)
Dividend relating to 2017 paid	-	-	(58,294)	(58,294)
Balance at 31 December 2018	<u>457,283</u>	<u>243,812</u>	<u>704,239</u>	<u>1,405,334</u>

Changes in equity for the year ended 31 December

The Company	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance at 1 January 2019	457,283	68,829	909,820	1,435,932
Total comprehensive (loss) income for the year	-	(20,999)	103,104	82,105
Dividend relating to 2018 paid	-	-	(376,263)	(376,263)
Balance at 31 December 2019	<u>457,283</u>	<u>47,830</u>	<u>636,661</u>	<u>1,141,774</u>
Balance at 1 January 2018	457,283	9,017	882,695	1,348,995
Total comprehensive income for the year	-	59,812	85,419	145,231
Dividend relating to 2017 paid	-	-	(58,294)	(58,294)
Balance at 31 December 2018	<u>457,283</u>	<u>68,829</u>	<u>909,820</u>	<u>1,435,932</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There have been no changes in the Company's share capital since the end of the previous period reported on.

The Company does not have any convertibles or treasury shares as at 31 December 2019 and 31 December 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of shares	
	As at 31/12/2019	As at 31/12/2018
Issued ordinary shares, excluding treasury shares	2,649,740,300	2,649,740,300

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

NIL.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

N.A.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)s") as described in Section 5, the Group has applied the same accounting policies and methods of computation in these results as in the audited financial statements for the year ended 31 December 2018.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 January 2019, the Group adopted certain new or amended SFRS(I)s that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s.

The adoption of these new or amended SFRS(I)s did not result in substantial changes to the accounting policies of the Group and the Company, and had no material effect on the results reported for the current or prior financial years.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

Group		31/12/2019	31/12/2018
Net profit attributable to equity holders of the Company (S\$'000)		31,462	49,956
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)		2,649,740	2,649,740
(i) Basic earnings per share (Cents per share)		1.187	1.885
(ii) On a fully diluted basis (Cents per share)		1.187	1.885

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is the same as basic earnings per share as there was no dilutive effect on earnings per share calculations due to the absence of any dilutive financial instruments during the year.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net asset value (S\$'000)	1,059,588	1,405,334	1,141,774	1,435,932
Number of issued shares excluding treasury shares ('000)	2,649,740	2,649,740	2,649,740	2,649,740
Net asset value per ordinary share based on issued share capital at the end of the period	\$0.400	\$0.530	\$0.431	\$0.542

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's revenue relates to distributions by HKT. The Group's revenue for 2019 was \$17.5 million compared to \$15.6 million in 2018. This was due to strong performance of HKT, reflected in higher revenues (excluding Mobile product sales) and in improved operating efficiencies.

Total expenses for 2019 amounted to \$17.4 million compared to \$8.8 million for 2018. The increase was mainly due to an increase in finance expenses of \$6.0 million which was mainly due to higher interest costs resulting from increased borrowings to fund dividends and investments as well as increases in legal and other professional fees of \$0.9 million, travelling expenses of \$1.3 million, and subscriptions and donations of \$1.1 million, partially offset by a net foreign exchange gain of \$1.0 million.

The Group's share of profit of associated companies for 2019 was \$27.5 million as compared to \$36.5 million for 2018. These include the Group's share of profit from PCCW for 2019 of \$26.9 million compared to \$35.1 million for 2018.

PCCW delivered a set of stable financial results for the year ended 31 December 2019. This was achieved in spite of challenging economic conditions in Hong Kong and reflected the resilience of the telecom business and the benefits of expanding the geographic presence of the Media and Solutions businesses.

HKT delivered a solid financial performance in 2019 despite a weak global economic environment and challenging local market conditions. HKT remained focused on deepening its customer engagement, providing innovative, value added services and a better user experience for customers – all of which reinforced HKT's position as the leading integrated telecommunications service provider to both consumer and business customers in Hong Kong.

HKT's total revenue excluding Mobile product sales for the year ended 31 December 2019 increased by 1% to HK\$29,703 million (\$5,170.9 million), underpinned by steady growth in Telecommunications Services ("TSS") and Mobile Services revenue even as competition remained intense. Mobile product sales at HKT remained sluggish reflecting a longer handset replacement cycle especially in view of the impending arrival of 5G handsets and poor consumer sentiment.

Revenue at Now TV eased from 2018 which benefited from a one-off contribution due to World Cup and related event passes. Both Free TV and over-the-top ("OTT") businesses maintained their growth momentum with revenue expanding by 27% and 18% respectively from a year ago. The Solutions business revenue increased by 3% to HK\$4,218 million (\$734.3 million) on the back of growing contribution from its regional expansion in Southeast Asia and strong data centre demand. Pacific Century Premium Developments ("PCPD") recorded 238% growth in revenue to HK\$1,015 million (\$176.7 million) with significant growth occurring in the second half of the year as the handover of the Park Hyatt Niseko Hanazono Residences ("Branded Residences") commenced. Consequently, PCCW's consolidated revenue excluding Mobile product sales increased by 3% to HK\$34,121 million (\$5,940.0 million).

EBITDA at HKT improved by 2% to HK\$12,817 million (\$2,231.3 million) as a result of continued improvement in operating efficiencies. Overall performance at the Media business improved as the Free TV and OTT businesses narrowed their losses with an inflection point occurring in the second half of the year as it turned EBITDA positive. Solutions business's EBITDA remained stable with continued investment to support its regional expansion. With the contribution from the Branded Residences and other properties in its portfolio, PCPD recorded positive EBITDA in the second half of the year. As a result, PCCW's consolidated EBITDA increased by 1% to HK\$12,381 million (\$2,155.4 million).

Consolidated profit attributable to equity holders of PCCW was steady at HK\$681 million (\$118.6 million) for the year ended 31 December 2019.

The Group's share of profit of its 49.87% associated company, KSH, amounted to \$0.6 million in 2019 compared to \$1.4 million in 2018. The decrease in profit contribution from KSH was mainly due to the disposal of KSH Infra Private Limited in January 2019. The Group recorded a gain from the disposal of KIPL of \$3.4 million in 2019.

The Group recorded a loss in 2018 amounting to \$473K following the liquidation of a dormant subsidiary. This loss was the result of the reclassification of translation losses from currency translation reserve to the income statement on completion of the liquidation.

The Group recognised a net income tax credit of \$0.1 million in 2019 compared to \$6.9 million in 2018. Deferred tax provisions of \$4.2 million were written back in 2019 as compared to \$9.5 million in 2018. Deferred taxes previously provided on distributions from HKT were reversed after the distributions were used to pay tax exempt dividends to equity holders of the Company for the financial years ended 31 December 2018 and 2017 respectively. These were offset by withholding taxes of \$1.0 million in 2019 and deferred tax expenses on further distributions from HKT of \$3.0 million and \$2.6 million in 2019 and 2018 respectively.

The Group recorded a profit attributable to equity holders of \$31.5 million for 2019 as compared to \$50.0 million for 2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

N.A.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The results of the Group are substantially dependent on the results of the Group's major investments, PCCW and HKT.

Last year, Hong Kong faced exceptional social and economic challenges. The longer-term impact of these on the local economy may only be more apparent in the coming quarters, especially as the city is now dealing with the novel coronavirus (COVID-19).

In 2020, PCCW intends to continue to consolidate its advantages and build further on its strengths across its media entertainment platforms. PCCW aims to further improve the operating efficiency and margin of Now TV. Viu OTT will seek to drive deeper user engagement and capture larger shares in regional markets, riding on the momentum gained last year. Viu TV plans to introduce more high quality content and focus on steady growth. PCCW will, however, remain conservative in anticipating the outlook of advertising spend in Hong Kong.

With more progress in its regional expansion efforts, PCCW Solutions expects the Southeast Asian markets to make larger contributions going forward. As Hong Kong's leading IT service provider, PCCW stands ready to serve the digital transformation needs of customers in Hong Kong as investment sentiment gradually recovers.

HKT's resilient operations should continue to generate a steady cash flow. 2020 should be an exciting year for HKT as it launches its 5G mobile network and services. In addition to offering a differentiated mobile experience for consumers, 5G will present numerous opportunities for commercial applications.

PCCW has a strong business and robust foundation in Hong Kong. PCCW will stay focused on serving Hong Kong people well and maintaining its leading market positions, as the city gradually recovers. PCCW will also continue to cautiously pursue growth opportunities in Hong Kong as well as across Southeast Asia, especially in the Media and Solutions businesses.

In view of the COVID-19 virus outbreak, PCCW is taking all necessary precautions to safeguard its employees and to ensure business continuity. PCCW will continue to monitor developments and take steps as appropriate to mitigate risks.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final proposed
Dividend Type	Cash
Dividend Rate	0.76 cents per ordinary share
Tax Rate	One-tier, tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of Dividend	Final and Special
Dividend Type	Cash
Dividend Rate	Final 2.4 cents per ordinary share
	Special 6.3 cents per ordinary share
	Total 8.7 cents per ordinary share
Tax Rate	One-tier, tax exempt

(c) The date the dividend is payable.

The payment date of the proposed dividend will be announced at a later date.

(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

The notice of the closure of the Register of Members and Transfer Books of the Company for the purposes of determining the entitlement to the dividend will be announced at a later date.

12. If no dividend has been declared (recommended), a statement to that effect.

N.A.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group obtained a general mandate from the shareholders of the Company for interested person transactions on 2 April 2019. During the financial year under review, the following interested person transactions were entered into by the Group:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
N.A.	N.A.	None, all IPTs below \$100,000	N.A.

- 14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).**

N.A.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding year

SEGMENTAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2019

	Investment holding S\$'000	Business management and consultancy services S\$'000	Consolidated S\$'000	<u>Geographical information</u>	
External revenue	17,536	-	17,536	Hong Kong	Revenue \$'000
Operating profit before interest income, depreciation and amortisation	9,186	450	9,636		17,536
Interest income	180	-	180		17,536
Depreciation and amortisation	(375)	(3)	(378)	Singapore India Hong Kong	Non-current assets \$'000
Profit from operating activities	8,991	447	9,438		953
Finance expenses	(9,037)	-	(9,037)		11,193
Share of profits of associated corporations, net of tax	27,515	-	27,515		925,668
Gain on disposal of an associated corporation	3,434	-	3,434		937,814
Profit before income tax	30,903	447	31,350		
Income tax credit/(expense)	167	(55)	112		
Total profit	31,070	392	31,462		
Segment assets	460,049	108	460,157		
Property, plant and equipment	-	515	515		
Other non-current assets	726	86	812		
Investments in associated corporations	936,487	-	936,487		
	937,213	601	937,814		
Unallocated corporate assets					
- Cash and cash equivalents			13,763		
Total assets			1,411,734		
Segment liabilities	4,466	303	4,769		
Unallocated corporate liabilities					
- Borrowings			343,871		
- Current income tax liabilities			60		
- Deferred income tax liabilities			3,446		
Total liabilities			352,146		
Other segment information:					
Additions to property, plant and equipment	-	723	723		

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding year

SEGMENTAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2018

	Investment holding S\$'000	Business management and consultancy services S\$'000	Consolidated S\$'000	<u>Geographical information</u>	
External revenue	15,620	-	15,620	Hong Kong	Revenue \$'000
Operating profit before interest income, depreciation and amortisation	9,821	433	10,254		15,620
Interest income	127	-	127		<u>15,620</u>
Depreciation and amortisation	(358)	(3)	(361)	Singapore India Hong Kong	Non-current assets \$'000
Profit from operating activities	9,590	430	10,020		1,051
Finance expenses	(3,017)	-	(3,017)		10,891
Share of profits of associated corporations, net of tax	36,496	-	36,496		994,583
Loss on liquidation of a subsidiary corporation	(473)	-	(473)		<u>1,006,525</u>
Profit before income tax	42,596	430	43,026		
Income tax credit/(expense)	6,938	(8)	6,930		
Total profit	49,534	422	49,956		
Segment assets	404,502	206	404,708		
Property, plant and equipment	-	170	170		
Other non-current assets	1,198	1	1,199		
Investments in associated corporations	1,005,156	-	1,005,156		
	1,006,354	171	1,006,525		
Unallocated corporate assets					
- Cash and cash equivalents			13,109		
Total assets			1,424,342		
Segment liabilities	2,732	279	3,011		
Unallocated corporate liabilities					
- Borrowings			13,108		
- Current income tax liabilities			10		
- Deferred income tax liabilities			2,879		
Total liabilities			19,008		
Other segment information:					
Additions to property, plant and equipment	-	15	15		

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

1. External revenue under the investment holding segment for 2019 was \$17.5 million compared to \$15.6 million for 2018. External revenue under this segment relate to distributions received from the Company's investment in HKT.
2. Operating profit before interest and depreciation under the investment holding segment for 2019 has remained largely unchanged at \$9.2 million (2018: \$9.8 million).

18. A breakdown of sales

		31/12/2019 S\$'000	31/12/2018 S\$'000	Increase/ (Decrease) %
(a)	Revenue reported for first half year	9,847	8,149	20.8
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	13,157	20,194	(34.9)
(c)	Revenue reported for second half year	7,689	7,471	2.9
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	18,305	29,762	(38.5)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Total Annual Dividend:

	Latest Full Year ended 31/12/2019 S\$ '000	Previous Full Year ended 31/12/2018 S\$ '000
Ordinary	165,874	230,527
	- Interim ordinary dividend paid in respect of FY2019 of 2.0 Singapore cents per share - Special dividend paid in respect of FY2019 of 3.50 Singapore cents per share - Proposed final dividend in respect of FY2019 of 0.76 Singapore cents per share	- Final ordinary dividend paid in respect of FY2018 of 2.40 Singapore cents per share - Special dividend paid in respect of FY2018 of 6.30 Singapore cents per share
Preference	-	-
Total	165,874	230,527

The total of the interim ordinary dividend per share (2.0 cents) and the proposed final dividend per share (0.76 cents) for 2019 (2.76 cents) represents an increase of 15% from the 2.40 cents final ordinary dividend per share paid for 2018.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the prescribed format. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim Beng Jin
Company Secretary
21/02/2020